

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 6076**

**BILL NUMBER:** HB 1272

**NOTE PREPARED:** Nov 8, 2010

**BILL AMENDED:**

**SUBJECT:** Payments in Lieu of Taxes.

**FIRST AUTHOR:** Rep. Grubb

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** X GENERAL  
DEDICATED  
FEDERAL

**IMPACT:** State & Local

**Summary of Legislation:** This bill requires the Department of Natural Resources (DNR) beginning in 2012 to make semiannual payments in lieu of property taxes (PILOT) for qualified parcels. It defines a "qualified parcel" as a parcel that (1) consists of at least 100 acres; (2) was owned or leased by the DNR on March 1 of the preceding year; (3) is used as a state park; and (4) is subject to an exemption from property taxes.

County units and conservancy districts containing qualified parcels are entitled to receive PILOTs.

For purposes of calculating a PILOT, each acre of the qualified parcel is considered to have an assessed value (AV) of 1/3 of the statewide agricultural land base rate value. The bill annually appropriates from the state General Fund the amount necessary to pay the required PILOTs.

**Effective Date:** July 1, 2011.

**Explanation of State Expenditures:** *Summary*— State expenditures would increase by an estimated \$730,463 in PILOTs in 2012 with a slight increase in this figure for 2013 and every year thereafter. The bill annually appropriates from the state General Fund the amount necessary to pay PILOTs.

*DNR Expenses:* Not later than September 1, 2011, and each year thereafter, the DNR must provide the county assessor of each county in which a qualified parcel is located with the total number of qualified parcels that are located in the county; the total number of acres contained by the qualified parcels; and any other required information. Beginning in 2012, the DNR must pay PILOTs on May 1 and November 1 of each year to the appropriate county treasurer.

The DNR will experience an increase in expenditures associated with the administration of the above. The DNR should be able to accomplish this task given its existing levels of appropriations.

*Department of Local Government Finance (DLGF) Expenses:* The DLGF may adopt standards for the transfer of information necessary to assist counties and conservancy districts. The DLGF must prescribe forms, which could be electronic, for reporting the information. These provisions will add administrative expenses for the DLGF. The DLGF should be able to accomplish this task given its existing levels of appropriations.

*Background.* The DNR manages approximately 65,578 acres in state parks. The adjusted AV equals the number of acres multiplied by the base rate in effect on March 1 of the year immediately preceding the year in which the PILOT is due. This result is divided by three and rounded to the nearest dollar. The PILOT equals the amount of property taxes that would have been levied in that year by the county or the conservancy district upon the qualified parcel using the qualified parcel adjusted AV divided by two.

The statewide agricultural land base value is estimated at \$1,500 for 2011 Pay 2012 and \$1,600 for Pay 2013. The average tax rate for Pay 2012 is estimated at \$2.23 with the average tax rate of \$2.17 for Pay 2013.

Assuming that all state park land is eligible for a PILOT, total PILOTs for Pay 2012 are estimated at \$730,463. (Total PILOTs would equal 65,578 acres multiplied by \$1,500 per acre multiplied by 0.3333 multiplied by the estimated tax rate of \$2.23 per \$100 of AV or  $((65,578 * \$1,500 * 0.3333) / 100 * \$2.23)$ ).

Total PILOTs for 2013 are estimated at \$758, 197  $((65,578 * \$1,600 * 0.3333) / 100 * \$2.17)$ ).

Actual state expenditures will depend on actual tax rates in the taxing districts where the DNR land is located. A PILOT bears interest if unpaid.

#### **Explanation of State Revenues:**

**Explanation of Local Expenditures:** The county treasurer must submit a bill to the DNR for any amount due or issue a refund to the DNR for any overpayment received from the DNR. After payments are received, the county treasurer must deposit amounts payable to the county in the county general fund and transfer amounts payable to a conservancy district to the fiscal officer of the conservancy district. The proposal might result in a small increase in administrative expenses on the local level.

**Explanation of Local Revenues:** The bill annually appropriates from the state General Fund the amount necessary to pay PILOTs to qualifying local units. PILOTs are estimated at \$730,463 for the first year with \$758,197 for 2013. Revenues in subsequent years will likely be comparable. This additional local revenue could result in a reduction in local property tax rates.

**State Agencies Affected:** DNR; Auditor of State; Treasurer of State; DLGF.

**Local Agencies Affected:** Counties and conservancy districts that contain certain land owned or leased by the DNR.

**Information Sources:** State Land Office (232-3335); Local Government Database; DNR (233- 6904).

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